

## Part 1 – Agency Profile

### Agency Overview

The Public Employee Retirement System of Idaho (PERSI) was created in 1963, and was funded by the Idaho Legislature in 1965. Since that time, PERSI has offered a defined benefit plan to provide a secure, long-term retirement benefit for career public service employees. The agency is directed by a five-member Retirement Board, each appointed by the Governor for 5-year terms. The Board has the duty to manage the system and maintains fiduciary responsibility for investment policy, asset allocation, the selection of individual investment managers, post-retirement increases (cost of living adjustments), and setting the contribution rates.

PERSI administers four pension funds: two defined benefit retirement plans - the PERSI Base Plan and the Firefighters' Retirement Fund (FRF), and two defined contribution plans - the PERSI Choice Plans 401(k) and 414(k). PERSI also administers the Sick Leave Insurance Reserve Trust Fund. The Choice Plan 401(k) is somewhat unique to the public sector. PERSI obtained permission from the Internal Revenue Service to expand a grandfathered State 401(k) to all members statewide.

In recent years PERSI has worked to upgrade its technological infrastructure by re-writing the major benefit administration application (Galena), completing a comprehensive business process re-engineering project resulting in major reorganization and implementing new technology in digital imaging of all member records and automated workflow.

PERSI employs 63 staff, working in three locations: Boise, Pocatello, and Coeur d'Alene. It is headquartered at 607 North 8<sup>th</sup> Street, Boise, Idaho, 83702. (208) 334-3365.

#### PERSI Mission Statement:

To provide members and their beneficiaries with reliable, secure, long-term retirement, survivor and disability benefits as specified by law. To assist our members in planning a secure retirement by providing high quality, friendly service, and retirement education and information.

### Core Functions/Idaho Code

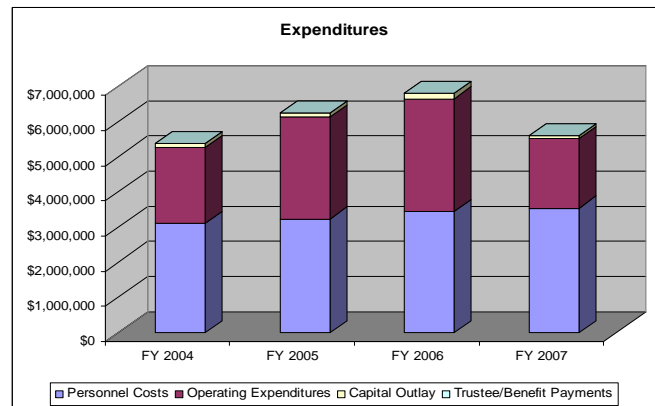
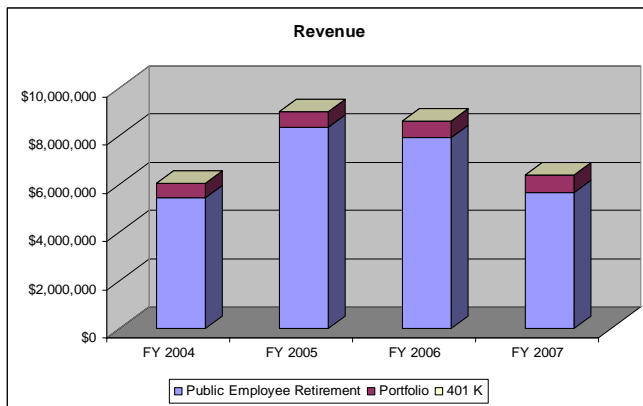
PERSI manages and administers retirement and disability benefits (including a 401(k) defined contribution plan) for public employees in the State of Idaho. Title 59, Chapter 13, Idaho Code.

PERSI manages and administers retirement and disability benefits for the Firefighters' Retirement Fund in the State of Idaho. Title 72, Chapter 14, Idaho Code. PERSI manages and administers the unused sick leave for public employees in the State of Idaho. Sections 33-1228, 33-2109A and 67-5339 Idaho Code.

### Revenue and Expenditures:

Revenue	FY 2004	FY 2005	FY 2006	FY 2007
Public Employee Retirement	\$5,417,000	\$8,362,100	\$7,938,300*	\$5,640,900
Portfolio	\$636,400	\$649,700	\$672,800	\$745,000
401 K	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$6,053,400</b>	<b>\$9,011,800</b>	<b>\$8,611,100</b>	<b>\$6,385,900</b>
Expenditure	FY 2004	FY 2005	FY 2006	FY 2007
Personnel Costs	\$3,113,200	\$3,231,000	\$3,436,100	\$3,544,534
Operating Expenditures	\$2,162,100	\$2,898,400	\$3,221,300	\$1,970,508
Capital Outlay	\$111,800	\$130,500	\$159,100	\$93,340
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$5,387,100</b>	<b>\$6,259,900</b>	<b>\$6,816,500</b>	<b>\$5,608,382</b>
Expenditures as % of Assets	<b>0.439%</b>	<b>0.451%</b>	<b>0.484%</b>	<b>0.474%</b>

\* includes \$2.2 million carry-forward from 2005



### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2004	FY 2005	FY 2006	FY 2007
<b>PERSI Statistics</b>				
Number of Active Members	63,385	64,391	67,389	68,568
Number of Retirees	26,043	27,246	28,181	29,426
Choice Plan Employee Contributors	6,771	8,218	9,202	9,743
Employer Units	675	684	692	701
Base Plan Benefits Paid*	\$343.9	\$372.5	\$415.3	\$434.5
Base Plan Assets*	\$7,648.5	\$8,453.8	\$9,444.3	\$11,257.9
Net Return on Investments	18.11%	10.7%	12.2%	20.0%

\* Millions

Cases Managed and/or Key Services Provided	FY 2004	FY 2005	FY 2006	FY 2007
<b>PERSI Services</b>				
Retirement Estimates Calculated	11,917	9,122	9,468	11,196
Separation Benefits Paid (Cashed Out)	6,087	4,828	5,709	5,472
Members Receiving Retirement Education*	4,739	4,120	4,234	5,663
Retirement Applications Processed	1,891	1,989	2,217	2,181
Disability Applications Processed	200	214	231	158
Employer Payroll Reports Processed	11,850	13,380	13,894	13,396

\*Calendar year

### Performance Highlights

**Reorganization:** In 2004, PERSI initiated a major multi-year Business Process Reengineering (BPR) project to improve and enhance the agency's customer service delivery system to meet the growing demand for services from an aging membership. By restructuring the organization, the agency is better positioned to meet the growing needs of the members and employers well into the future. Three primary operating areas have been established: the PERSI Answer Center, PERSI Processing Center, and the Employer Service Center. Administration, Fiscal, Portfolio, and Communications round out the PERSI operations. This reorganization has been critical in applying the BPR techniques in streamlining our delivery of service to our customers. A high level of staff training will continue over the next several years to complete the transition from specialist to generalist.

Digital Imaging and Workflow: Part of the BPR project was to convert all member files composed of almost 2 million microfilm documents to a digital platform. This increases the accessibility of the records and decreases the disaster recovery risk by allowing more immediate and reliable backup of records. Workflow is the automation of work processes within all levels of PERSI. Rather than moving paper and files through processing steps the workflow system moves digital images through a specific set of automated steps. This eliminates lost files, missed steps, enhances the consistency of processing and permits managers to monitor the processing of the various documents within PERSI. This project was complete as of the end of FY 07.

Customer Service: PERSI is committed to a high level of customer service. To measure that level of service we must continue to upgrade our member and employer surveying tools. In this next year we will be reviewing our survey process and topics to ensure we are surveying the correct service delivery and asking the right questions.

Funding Status: PERSI's objective is to accumulate sufficient assets to ensure there will be funds available to meet current and future benefit obligations to members on a timely basis. As of June 30, 2006, the PERSI Base Plan has succeeded in funding 94.01 percent of the Actuarial Accrued Liability. The remaining unfunded amount is being systematically funded over 12.8 years as part of the contribution required by the Retirement Board. The 2006 funded status has not been determined by the PERSI actuary at this time but estimates from the actuarial model indicate a FY07 funding ratio of about 105% before COLA. The funding status primarily resulted from the 20% return on assets for the fiscal year.

## Part II – Performance Measures

Performance Measure	2004	2005	2006	2007	Benchmark
1. Overall Satisfactory Level of Members	87%	92%	92%	99%	90%+
2. Overall Satisfaction Level of Employers	94%	94%	92%	94.5%	90%+
3. Number of Employee Education Sessions Per Year	207	280	160	228	N/A
4. Average Wait Time For Calls (sec)	90*	13	18	23	12
5. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	94%	95%	95%	95%	95%
6. Percentage of calls handled without transfer	N/A	N/A	N/A	N/A	90%
7. Number of business days to produce an written estimate of benefits after request	10*	7*	7*	6	5
8. Number of days to produce a separation benefit after receipt of documentation	9*	7*	7*	7	7*
9. Average Number of days after receipt to process Employer Transmittals.	N/A	1.6	2.4	2.7	3
10. Total Expenses as % of Assets	0.439%	0.451%	0.494%	.0474	0.50%

**Performance Measure Explanatory Note:**

1. We adjusted our survey process to access member satisfaction more timely. We now provide members with a survey immediately preceding their visit or contact. We hope to expand our survey process in the next year to include a follow up in three to six months.
2. The satisfaction of employers is measured based on a variety of components and those may not be the same each and every year. For 2007, the focus was on the new Employer Training program that was rolled out during the annual employer meetings.
3. The 2006 number of sessions was low because we experienced turnover in our two trainer position. IN 2007 we had two new trainers and we revamped the training program. We were able to eliminate a significant backlog of training requests and develop a solid core curriculum.
4. We experienced significant turnover in our Customer Service Representative positions in 2007. We operated shorthanded for a good portion of the year and were in a training mode for the balance of the time.
5. We continue to meet our measurement.
6. We have experienced continual turn over in our call center. Training has been an ongoing issue through 2007. We have installed a new phone system that will permit us to track this goal but as yet we do not have any history on it.
7. We implemented an automated workflow system that, among other things, will permit us to track these specific times regarding this metric. In addition in 2007 we implemented a new phone system and had some issues with our imaging system. We are not planning significant changes for 2008 and believe we can reach our benchmark without interruptions.
8. The newly implemented workflow will also be used to measure this goal and may permit us to "fine tune" the metric to measure the time from receipt to authorization of the payment which is a more precise metric.
9. The newly implemented workflow will also enable more precise measurement of this category. Rather than measuring in days as is permitted by the current process, we will be able to measure the processing time in hours.
10. This measure of total expenses includes all expenses, both appropriated and non-appropriated, from the PERSI trust. The actuary assumes 50 basis points (a basis point = 0.01%) for expenses and this has become the total budget target for the PERSI Board.

**For More Information Contact**

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